

Jo Ann Goddard  
Director  
Federal Regulatory Relations

1275 Pennsylvania Avenue, N.W., Suite 400  
Washington, D.C. 20004  
(202) 383-6429

**PACIFIC TELESIS**  
Group - Washington

May 9, 1994

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Chuck Needy  
Tariff Division  
Federal Communications Commission  
1919 M Street, N.W., Room 518  
Washington, D.C. 20554

Dear Mr. Needy:

Re: *Request For Additional Data, CC Docket No. 93-162*

The attached information is being provided in response to your informal request. The disaggregated data included herein was previously provided on an aggregated basis, in a submission dated March 31, 1994.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions or require additional information concerning this matter.

Sincerely,



Attachment

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1

**OVERHEAD SUMMARY****OVERHEAD CALCULATION BY SERVICE**

| <b>CHAN TERM TYPE</b> | <b>A<br/>CHAN TERM<br/>RATE</b> | <b>B<br/>DIRECT<br/>COST</b> | <b>C<br/>OVERHEAD<br/>FACTOR<br/>(A/B)</b> |
|-----------------------|---------------------------------|------------------------------|--------------------------------------------|
| 1 DS1                 | \$120                           | \$82.48                      | 1.45 ✓                                     |
| 2                     |                                 |                              |                                            |
| 3 DS3 1YR W/ EQ       | \$2,500                         | \$1,553                      | 1.61                                       |
| 4 DS3 3YR W/ EQ       | \$2,000                         | \$1,147                      | 1.74                                       |
| 5 DS3 5YR W/ EQ       | \$1,800                         | \$1,005                      | 1.79                                       |
| 6                     |                                 |                              |                                            |
| 7 DS3 1YR W/O EQ      | \$1,650                         | \$1,037                      | 1.59                                       |
| 8 DS3 3YR W/O EQ      | \$1,350                         | \$804                        | 1.68                                       |
| 9 DS3 5YR W/O EQ      | \$1,180                         | \$722                        | 1.63                                       |
| 10                    |                                 |                              |                                            |
| 11 DS3X3 1YR W/ EQ    | \$6,989                         | \$3,849                      | 1.82                                       |
| 12 DS3X3 3YR W/ EQ    | \$4,000                         | \$2,352                      | 1.70                                       |
| 13 DS3X3 5YR W/ EQ    | \$3,500                         | \$2,247                      | 1.56                                       |
| 14                    |                                 |                              |                                            |
| 15 DS3X3 1YR W/O EQ   | \$4,053                         | \$2,320                      | 1.75                                       |
| 16 DS3X3 3YR W/O EQ   | \$2,400                         | \$1,473                      | 1.63                                       |
| 17 DS3X3 5YR W/O EQ   | \$1,800                         | \$1,418                      | 1.27 ✓                                     |
| 18                    |                                 |                              |                                            |
| 19 DS3X12 3YR W/ EQ   | \$11,500                        | \$5,966                      | 1.93                                       |
| 20 DS3X12 5YR W/ EQ   | \$9,000                         | \$5,654                      | 1.59                                       |
| 21                    |                                 |                              |                                            |
| 24 DS3X12 3YR W/O EQ  | \$8,300                         | \$3,052                      | 2.72                                       |
| 25 DS3X12 5YR W/O EQ  | \$6,600                         | \$2,906                      | 2.27                                       |
| 26                    |                                 |                              |                                            |
| 27 <b>MILEAGE*</b>    |                                 |                              |                                            |
| 28                    |                                 |                              |                                            |
| 29 AVG DS1 @10.5      | \$283.50                        | \$51.02                      | 5.56                                       |
| 30 AVG DS3 @ 15.5     | \$1,508.20                      | \$815.16                     | 1.85                                       |

Col A, 3/21/94 Rates

\*Mileage rate includes fixed rate + variable rate x miles

**OVERHEAD SUMMARY****OVERHEAD CALCULATION BY SERVICE**

| CHAN TERM TYPE       | A              | B           | C                     | PAGE REFERENCE |
|----------------------|----------------|-------------|-----------------------|----------------|
|                      | CHAN TERM RATE | DIRECT COST | OVERHEAD FACTOR (A/B) |                |
| 1 DS1                | \$120          | \$82.48     | 1.45 ✓                | 3.1            |
| 2                    |                |             |                       |                |
| 3 DS3 1YR W/ BQ      | \$2,500        | \$1,553     | 1.61                  | 4.1            |
| 4 DS3 3YR W/ BQ      | \$2,000        | \$1,147     | 1.74                  | 5.1            |
| 5 DS3 5YR W/ BQ      | \$1,800        | \$1,005     | 1.79                  | 6.1            |
| 6                    |                |             |                       |                |
| 7 DS3 1YR W/O BQ     | \$1,650        | \$1,037     | 1.59                  | 4.1            |
| 8 DS3 3YR W/O BQ     | \$1,350        | \$804       | 1.68                  | 5.1            |
| 9 DS3 5YR W/O BQ     | \$1,180        | \$722       | 1.63                  | 6.1            |
| 10                   |                |             |                       |                |
| 11 DS3X3 1YR W/ BQ   | \$6,989        | \$3,849     | 1.82                  | 7.1            |
| 12 DS3X3 3YR W/ BQ   | \$4,000        | \$2,352     | 1.70                  | 8.1            |
| 13 DS3X3 5YR W/ BQ   | \$3,500        | \$2,247     | 1.56                  | 9.1            |
| 14                   |                |             |                       |                |
| 15 DS3X3 1YR W/O BQ  | \$4,053        | \$2,320     | 1.75                  | 7.1            |
| 16 DS3X3 3YR W/O BQ  | \$2,400        | \$1,473     | 1.63                  | 8.1            |
| 17 DS3X3 5YR W/O BQ  | \$1,800        | \$1,418     | 1.27 ✓                | 9.1            |
| 18                   |                |             |                       |                |
| 19 DS3X12 3YR W/ BQ  | \$11,500       | \$5,966     | 1.93                  | 10.1           |
| 20 DS3X12 5YR W/ BQ  | \$9,000        | \$5,654     | 1.59                  | 11.1           |
| 21                   |                |             |                       |                |
| 24 DS3X12 3YR W/O BQ | \$8,300        | \$3,052     | 2.72                  | 10.1           |
| 25 DS3X12 5YR W/O BQ | \$6,600        | \$2,906     | 2.27                  | 11.1           |
| 26                   |                |             |                       |                |
| 27 MILEAGE*          |                |             |                       |                |
| 28                   |                |             |                       |                |
| 29 AVG DS1 @10.5     | \$283.50       | \$51.02     | 5.56                  | 12.1           |
| 30 AVG DS3 @ 15.5    | \$1,508.20     | \$815.16    | 1.85                  | 13.1           |

Col A, 3/21/94 Rates

\*Mileage rate includes fixed rate + variable rate x miles

1.1

**WORKSHEET 2.1****AVERAGE DS1 MILEAGE REVENUE PER SERVICE**

|                       | A                | B               | C         | D                       |
|-----------------------|------------------|-----------------|-----------|-------------------------|
|                       | RATE<br>ELEMENT* | UNIT<br>REVENUE | OCCUR WTG | WTD<br>REVENUE<br>(D*B) |
| 1 IOF MILEAGE CHANNEL | 1                | \$105.00        | 1.00      | \$105.00                |
| 2 MILES PER CKT       | 10.5             | \$17.00         | 1.00      | \$178.50                |
| 3 TOTAL               |                  |                 |           | \$283.50                |

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6  
7  
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9  
10  
11  
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**13 CALCULATION: AVERAGE CHANNEL MILEAGE**

|                                     |           |  |
|-------------------------------------|-----------|--|
| 14                                  |           |  |
| 15 DS1 CHAN MI(0.0-0.0) CKT         | 102,180   |  |
| 16 DS1 CHAN MI(0.1& OVER)CKT        | 127,056   |  |
| 17 TOTAL CKTS                       | 229,236   |  |
| 18 DS1 CHAN MI(0.1& OVER)IOM        | 1,332,060 |  |
| 19                                  |           |  |
| 20 % CKT w MI. (Col B Ln 16/ Ln 17) | 0.55      |  |
| 21 CKT MILES (Col B Ln 18/Ln 16)    | 10.48     |  |

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24 DS1 Volumes from Base Period, Pacific Bell 1993 Annual Filing, Workpaper III C-2.9

2.1

## WORKSHEET 2.2

## AVG DS3 MILEAGE REVENUE PER SERVICE

| DS3 MILEAGE RATE ELEMENTS                                                              | A                | B                       | C         | D                           |
|----------------------------------------------------------------------------------------|------------------|-------------------------|-----------|-----------------------------|
|                                                                                        | UNIT<br>REVENUE* | RATE<br>ELEMENT*<br>QTY | OCCUR WTG | MILEAGE<br>REVENUE<br>(D*B) |
| 1 MILEAGE: PER CKT                                                                     | \$833.00         | 1                       | 1.00      | \$833                       |
| 2 MILEAGE: PER MILE                                                                    | \$43.70          | 15.5                    | 1.00      | \$675                       |
| 3                                                                                      |                  |                         |           |                             |
| 4                                                                                      |                  | TOTAL DS3               |           | \$1,508                     |
| 5                                                                                      |                  |                         |           |                             |
| 6                                                                                      |                  |                         |           |                             |
| 7                                                                                      |                  |                         |           |                             |
| 8                                                                                      |                  |                         |           |                             |
| 9                                                                                      |                  |                         |           |                             |
| 10                                                                                     |                  |                         |           |                             |
| 11                                                                                     |                  |                         |           |                             |
| 12                                                                                     |                  |                         |           |                             |
| 13 <b>CALCULATION: AVERAGE CHANNEL MILEAGE</b>                                         |                  |                         |           |                             |
| 14                                                                                     |                  |                         |           |                             |
| 15 DS3 CHAN MI(0.0-0.0) CKT                                                            |                  | 2,995                   |           |                             |
| 16 DS3 CHAN MI(0.1& OVER)CKT                                                           |                  | 3,938                   |           |                             |
| 17 TOTAL CKTS                                                                          |                  | 6,933                   |           |                             |
| 18 DS3 CHAN MI(0.1& OVER)IOM                                                           |                  | 60,845                  |           |                             |
| 19                                                                                     |                  |                         |           |                             |
| 20 % CKT w Mi. (Col B Ln 16/ Ln 17)                                                    |                  | 0.57                    |           |                             |
| 21 CKT MILES (Col B Ln 18/Ln 16)                                                       |                  | 15.45                   |           |                             |
| 22                                                                                     |                  |                         |           |                             |
| 23                                                                                     |                  |                         |           |                             |
| 24 DS3 Volumes from Base Period, Pacific Bell 1993 Annual Filing, Workpaper III C-2.10 |                  |                         |           |                             |

**RECURRING COST SUMMARY, DS1 Channel Termination**

**DS1  
CHAN TERM**

|                                 |                 |                           |
|---------------------------------|-----------------|---------------------------|
| <b>1 Gross Investment</b>       | <b>\$4,209</b>  | <b>See Worksheet 3.1</b>  |
| Annual Cost                     |                 |                           |
| <b>2 Cost of Money</b>          | <b>\$270</b>    | <b>Pacific Bell Study</b> |
| <b>3 State &amp; Fed Taxes</b>  | <b>\$107</b>    | <b>Pacific Bell Study</b> |
| <b>4 Depreciation</b>           | <b>\$316</b>    | <b>Pacific Bell Study</b> |
| <b>5 Repair and Maintenance</b> | <b>\$55</b>     | <b>Pacific Bell Study</b> |
| <b>6 Administration</b>         | <b>\$172</b>    | <b>Pacific Bell Study</b> |
| <b>7 Marketing</b>              | <b>\$40</b>     |                           |
| <b>8 Other Taxes</b>            | <b>\$31</b>     |                           |
| <b>9 Subtotal of Expenses</b>   | <b>\$990</b>    | <b>Sum(Ln 2...Ln6)</b>    |
| <b>10 Overhead</b>              | <b>\$106</b>    | <b>Pacific Bell Study</b> |
| <b>11 Total Annual Cost</b>     | <b>\$1,095</b>  | <b>Ln 8 + Ln 9</b>        |
| <b>12 Monthly Cost</b>          | <b>\$91.29</b>  | <b>Ln 11/12</b>           |
| <b>13 Direct Cost</b>           | <b>\$82.48</b>  | <b>Ln 9/12</b>            |
| <b>14 Monthly Rate</b>          | <b>\$120.00</b> | <b>Tariffed Rate</b>      |
| <b>15 Overhead Factor</b>       | <b>1.45</b>     | <b>Ln 14/ Ln 13</b>       |

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| <b>INVESTMENT SUMMARY</b> |
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**DS1 Channel Termination**

**Channel Termination**

**Investment by Account\***

|                               |         |
|-------------------------------|---------|
| 1 Digital Eq (Account 223210) | \$2,513 |
| 2 Land,( Account 211100)      | \$12    |
| 3 Building (Account 212100)   | \$137   |
| 4 Fiber (Account 242212)      | \$1,082 |
| 5 Conduit (Account 244149)    | \$245   |
| 6 NCTE (Account 236210)       | \$220   |
| TOTAL                         | \$4,209 |

\*Identified by Pacific Bell Investment Studies

**RECURRING COST SUMMARY, DS3 Channel Termination, 1 yr term**

|                                 | <b>DS3 Electrical</b> | <b>DS3 Optical</b> |                    |
|---------------------------------|-----------------------|--------------------|--------------------|
| <b>1 Gross Investment</b>       | <b>\$80,387</b>       | <b>\$48,729</b>    | See Worksheet 4.2  |
| Annual Cost                     |                       |                    |                    |
| <b>2 Cost of Money</b>          | <b>\$5,095</b>        | <b>\$3,517</b>     | Pacific Bell Study |
| <b>3 State &amp; Fed Taxes</b>  | <b>\$2,016</b>        | <b>\$1,392</b>     | Pacific Bell Study |
| <b>4 Depreciation</b>           | <b>\$5,779</b>        | <b>\$3,549</b>     | Pacific Bell Study |
| <b>5 Repair and Maintenance</b> | <b>\$990</b>          | <b>\$615</b>       | Pacific Bell Study |
| <b>6 Administration</b>         | <b>\$3,359</b>        | <b>\$2,383</b>     | Pacific Bell Study |
| <b>7 Marketing</b>              | <b>\$793</b>          | <b>\$563</b>       | Pacific Bell Study |
| <b>8 Other Taxes</b>            | <b>\$598</b>          | <b>\$424</b>       | Pacific Bell Study |
| <b>9 Subtotal of Expenses</b>   | <b>\$18,631</b>       | <b>\$12,443</b>    | Sum(Ln 2...Ln 8)   |
| <b>10 Overhead</b>              | <b>\$2,069</b>        | <b>\$1,468</b>     | Pacific Bell Study |
| <b>11 Total Annual Cost</b>     | <b>\$20,699</b>       | <b>\$13,911</b>    | Ln 9 + Ln 10       |
| <b>12 Monthly Cost</b>          | <b>\$1,724.95</b>     | <b>\$1,159.26</b>  | Ln 11/12           |
| <b>13 Direct Cost</b>           | <b>\$1,552.56</b>     | <b>\$1,036.96</b>  | Ln 9/12            |
| <b>14 Monthly Rate</b>          | <b>\$2,500.00</b>     | <b>\$1,650.00</b>  | Tariffed Rate      |
| <b>15 Overhead Factor</b>       | <b>1.61</b>           | <b>1.59</b>        | Ln 14/ Ln 13       |

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| <b>INVESTMENT SUMMARY</b> |
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DS3 Channel Termination, 1 yr

| <b>Investment by Account*</b>        | <b>Channel Termination</b> |
|--------------------------------------|----------------------------|
| 1 Digital Eq CO(Account 223210)      | \$26,240                   |
| 2 Digital Eq Remote (Account 223210  | \$31,658                   |
| 3 Land,( Account 211100)             | \$239                      |
| 4 Building (Account 212100)          | \$2,787                    |
| 5 Fiber (Account 242212)             | \$15,867                   |
| 6 Conduit (Account 244149)           | \$3,596                    |
| <b>TOTAL</b>                         | <b>\$80,387</b>            |
| <b>TOTAL Optical (w/o Remote EQ)</b> | <b>\$48,729</b>            |

\*Identified by Pacific Bell Investent studies

**RECURRING COST SUMMARY, DS3 Channel Termination, 3 yr term**

|                                 | <b>DS3 Electrical</b> | <b>DS3 Optical</b> |                    |
|---------------------------------|-----------------------|--------------------|--------------------|
| <b>1 Gross Investment</b>       | \$60,079              | \$38,974           | See Worksheet 5.2  |
| <b>Annual Cost</b>              |                       |                    |                    |
| <b>2 Cost of Money</b>          | \$3,848               | \$2,796            | Pacific Bell Study |
| <b>3 State &amp; Fed Taxes</b>  | \$1,523               | \$1,106            | Pacific Bell Study |
| <b>4 Depreciation</b>           | \$4,112               | \$2,625            | Pacific Bell Study |
| <b>5 Repair and Maintenance</b> | \$690                 | \$440              | Pacific Bell Study |
| <b>6 Administration</b>         | \$2,542               | \$1,891            | Pacific Bell Study |
| <b>7 Marketing</b>              | \$600                 | \$446              | Pacific Bell Study |
| <b>8 Other Taxes</b>            | \$453                 | \$337              | Pacific Bell Study |
| <b>9 Subtotal of Expenses</b>   | \$13,767              | \$9,642            | Sum(Ln 2...Ln 8)   |
| <b>10 Overhead</b>              | \$1,565               | \$1,165            | Pacific Bell Study |
| <b>11 Total Annual Cost</b>     | \$15,332              | \$10,807           | Ln 9 + Ln 10       |
| <b>12 Monthly Cost</b>          | \$1,277.69            | \$900.57           | Ln 11/12           |
| <b>13 Direct Cost</b>           | \$1,147.25            | \$803.51           | Ln 9/12            |
| <b>14 Monthly Rate</b>          | \$2,000.00            | \$1,350.00         | Tariffed Rate      |
| <b>15 Overhead Factor</b>       | 1.74                  | 1.68               | Ln 14/ Ln 13       |

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| <b>INVESTMENT SUMMARY</b> |
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DS3 Channel Termination, 3 yr

| <b>Investment by Account*</b>        | <b>Channel Termination</b> |
|--------------------------------------|----------------------------|
| 1 Digital Eq CO(Account 223210)      | \$17,493                   |
| 2 Digital Eq Remote (Account 223210  | \$21,105                   |
| 3 Land,( Account 211100)             | \$159                      |
| 4 Building (Account 212100)          | \$1,858                    |
| 5 Fiber (Account 242212)             | \$15,867                   |
| 6 Conduit (Account 244149)           | \$3,596                    |
| <b>TOTAL</b>                         | <b>\$60,079</b>            |
| <b>TOTAL Optical (w/o Remote EQ)</b> | <b>\$38,974</b>            |

\*Identified by Pacific Bell Investent studies

**RECURRING COST SUMMARY, DS3 Channel Termination, 5 yr term**

|                                 | <b>DS3 Electrical</b> | <b>DS3 Optical</b> |                    |
|---------------------------------|-----------------------|--------------------|--------------------|
| <b>1 Gross Investment</b>       | <b>\$52,971</b>       | <b>\$35,559</b>    | See Worksheet 6.2  |
| Annual Cost                     |                       |                    |                    |
| <b>2 Cost of Money</b>          | <b>\$3,412</b>        | <b>\$2,544</b>     | Pacific Bell Study |
| <b>3 State &amp; Fed Taxes</b>  | <b>\$1,350</b>        | <b>\$1,007</b>     | Pacific Bell Study |
| <b>4 Depreciation</b>           | <b>\$3,528</b>        | <b>\$2,302</b>     | Pacific Bell Study |
| <b>5 Repair and Maintenance</b> | <b>\$585</b>          | <b>\$379</b>       | Pacific Bell Study |
| <b>6 Administration</b>         | <b>\$2,256</b>        | <b>\$1,719</b>     | Pacific Bell Study |
| <b>7 Marketing</b>              | <b>\$532</b>          | <b>\$406</b>       | Pacific Bell Study |
| <b>8 Other Taxes</b>            | <b>\$402</b>          | <b>\$306</b>       | Pacific Bell Study |
| <b>9 Subtotal of Expenses</b>   | <b>\$12,065</b>       | <b>\$8,662</b>     | Sum(Ln 2...Ln 8)   |
| <b>10 Overhead</b>              | <b>\$1,389</b>        | <b>\$1,059</b>     | Pacific Bell Study |
| <b>11 Total Annual Cost</b>     | <b>\$13,454</b>       | <b>\$9,720</b>     | Ln 9 + Ln 10       |
| <b>12 Monthly Cost</b>          | <b>\$1,121.15</b>     | <b>\$810.03</b>    | Ln 11/12           |
| <b>13 Direct Cost</b>           | <b>\$1,005.39</b>     | <b>\$721.81</b>    | Ln 9/12            |
| <b>14 Monthly Rate</b>          | <b>\$1,800.00</b>     | <b>\$1,180.00</b>  | Tariffed Rate      |
| <b>15 Overhead Factor</b>       | <b>1.79</b>           | <b>1.63</b>        | Ln 14/ Ln 13       |

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| <b>INVESTMENT SUMMARY</b> |
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DS3 Channel Termination, 5 yr

| <b>Investment by Account*</b>       | <b><u>Channel Termination</u></b> |
|-------------------------------------|-----------------------------------|
| 1 Digital Eq CO(Account 223210)     | \$14,432                          |
| 2 Digital Eq Remote (Account 223210 | \$17,412                          |
| 3 Land,( Account 211100)            | \$131                             |
| 4 Building (Account 212100)         | \$1,533                           |
| 5 Fiber (Account 242212)            | \$15,867                          |
| 6 Conduit (Account 244149)          | \$3,596                           |
| TOTAL                               | \$52,971                          |
| TOTAL Optical (w/o Remote EQ)       | \$35,559                          |

\*Identified by Pacific Bell Investent studies

**RECURRING COST SUMMARY, DS3x3 Channel Termination, 1 yr term**

|                                 | <b>DS3x3 Electrical</b> | <b>DS3x3 Optical</b> |                    |
|---------------------------------|-------------------------|----------------------|--------------------|
| <b>1 Gross Investment</b>       | \$196,912               | \$115,981            | See Worksheet 7.2  |
| Annual Cost                     |                         |                      |                    |
| <b>2 Cost of Money</b>          | \$12,346                | \$7,668              | Pacific Bell Study |
| <b>3 State &amp; Fed Taxes</b>  | \$4,885                 | \$3,034              | Pacific Bell Study |
| <b>4 Depreciation</b>           | \$14,899                | \$8,285              | Pacific Bell Study |
| <b>5 Repair and Maintenance</b> | \$2,620                 | \$1,508              | Pacific Bell Study |
| <b>6 Administration</b>         | \$8,086                 | \$5,192              | Pacific Bell Study |
| <b>7 Marketing</b>              | \$1,909                 | \$1,225              | Pacific Bell Study |
| <b>8 Other Taxes</b>            | \$1,440                 | \$925                | Pacific Bell Study |
| <b>9 Subtotal of Expenses</b>   | \$46,184                | \$27,836             | Sum(Ln 2...Ln 8)   |
| <b>10 Overhead</b>              | \$4,980                 | \$3,197              | Pacific Bell Study |
| <b>11 Total Annual Cost</b>     | \$51,164                | \$31,034             | Ln 9 + Ln 10       |
| <b>12 Monthly Cost</b>          | \$4,263.67              | \$2,586.15           | Ln 11/12           |
| <b>13 Direct Cost</b>           | \$3,848.69              | \$2,319.70           | Ln 9/12            |
| <b>14 Monthly Rate</b>          | \$6,989.00              | \$4,053.00           | Tariffed Rate      |
| <b>15 Overhead Factor</b>       | 1.82                    | 1.75                 | Ln 14/ Ln 13       |

|                           |
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| <b>INVESTMENT SUMMARY</b> |
|---------------------------|

**DS3x3 Channel Termination, 1 yr**

| <b>Investment by Account*</b>        | <b><u>Channel Termination</u></b> |
|--------------------------------------|-----------------------------------|
| 1 Digital Eq CO(Account 223210)      | \$77,813                          |
| 2 Digital Eq Remote (Account 223210  | \$80,931                          |
| 3 Land,( Account 211100)             | \$708                             |
| 4 Building (Account 212100)          | \$8,266                           |
| 5 Fiber (Account 242212)             | \$23,800                          |
| 6 Conduit (Account 244149)           | \$5,395                           |
| <b>TOTAL</b>                         | <b>\$196,912</b>                  |
| <b>TOTAL Optical (w/o Remote EQ)</b> | <b>\$115,981</b>                  |

\*Identified by Pacific Bell Investent studies

**RECURRING COST SUMMARY, DS3x3 Channel Termination, 3 yr term**

|                                 | <b>DS3x3 Electrical</b> | <b>DS3x3 Optical</b> |                           |
|---------------------------------|-------------------------|----------------------|---------------------------|
| <b>1 Gross Investment</b>       | <b>\$121,899</b>        | <b>\$79,067</b>      | <b>See Worksheet 8.2</b>  |
| Annual Cost                     |                         |                      |                           |
| <b>2 Cost of Money</b>          | <b>\$7,738</b>          | <b>\$5,050</b>       | <b>Pacific Bell Study</b> |
| <b>3 State &amp; Fed Taxes</b>  | <b>\$3,062</b>          | <b>\$1,998</b>       | <b>Pacific Bell Study</b> |
| <b>4 Depreciation</b>           | <b>\$8,745</b>          | <b>\$4,944</b>       | <b>Pacific Bell Study</b> |
| <b>5 Repair and Maintenance</b> | <b>\$1,511</b>          | <b>\$871</b>         | <b>Pacific Bell Study</b> |
| <b>6 Administration</b>         | <b>\$5,070</b>          | <b>\$3,407</b>       | <b>Pacific Bell Study</b> |
| <b>7 Marketing</b>              | <b>\$1,197</b>          | <b>\$804</b>         | <b>Pacific Bell Study</b> |
| <b>8 Other Taxes</b>            | <b>\$903</b>            | <b>\$607</b>         | <b>Pacific Bell Study</b> |
| <b>9 Subtotal of Expenses</b>   | <b>\$28,225</b>         | <b>\$17,681</b>      | <b>Sum(Ln 2...Ln 8)</b>   |
| <b>10 Overhead</b>              | <b>\$3,123</b>          | <b>\$2,098</b>       | <b>Pacific Bell Study</b> |
| <b>11 Total Annual Cost</b>     | <b>\$31,347</b>         | <b>\$19,779</b>      | <b>Ln 9 + Ln 10</b>       |
| <b>12 Monthly Cost</b>          | <b>\$2,612.27</b>       | <b>\$1,648.28</b>    | <b>Ln 11/12</b>           |
| <b>13 Direct Cost</b>           | <b>\$2,352.06</b>       | <b>\$1,473.42</b>    | <b>Ln 9/12</b>            |
| <b>14 Monthly Rate</b>          | <b>\$4,000.00</b>       | <b>\$2,400.00</b>    | <b>Tariffed Rate</b>      |
| <b>15 Overhead Factor</b>       | <b>1.70</b>             | <b>1.63</b>          | <b>Ln 14/ Ln 13</b>       |

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| <b>INVESTMENT SUMMARY</b> |
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**DS3x3 Channel Termination, 3 yr**

| <b>Investment by Account*</b>        | <b>Channel Termination</b> |
|--------------------------------------|----------------------------|
| 1 Digital Eq CO(Account 223210)      | \$44,716                   |
| 2 Digital Eq Remote (Account 223210  | \$42,831                   |
| 3 Land,( Account 211100)             | \$407                      |
| 4 Building (Account 212100)          | \$4,750                    |
| 5 Fiber (Account 242212)             | \$23,800                   |
| 6 Conduit (Account 244149)           | \$5,395                    |
| <b>TOTAL</b>                         | <b>\$121,899</b>           |
| <b>TOTAL Optical (w/o Remote EQ)</b> | <b>\$79,067</b>            |

\*Identified by Pacific Bell Investent studies

**RECURRING COST SUMMARY, DS3x3 Channel Termination, 5 yr term**

|                           |                          | <b>DS3x3 Electrical</b> | <b>DS3x3 Optical</b> |                    |
|---------------------------|--------------------------|-------------------------|----------------------|--------------------|
| <b>1 Gross Investment</b> |                          | <b>\$116,601</b>        | <b>\$76,218</b>      | See Worksheet 9.2  |
| Annual Cost               |                          |                         |                      |                    |
| 2 Cost of Money           |                          | \$7,412                 | \$4,877              | Pacific Bell Study |
| 3 State & Fed Taxes       |                          | \$2,933                 | \$1,930              | Pacific Bell Study |
| 4 Depreciation            |                          | \$8,312                 | \$4,728              | Pacific Bell Study |
| 5 Repair and Maintenance  |                          | \$1,432                 | \$829                | Pacific Bell Study |
| 6 Administration          |                          | \$4,858                 | \$3,290              | Pacific Bell Study |
| 7 Marketing               |                          | \$1,147                 | \$777                | Pacific Bell Study |
| 8 Other Taxes             |                          | \$865                   | \$586                | Pacific Bell Study |
| 9                         | Subtotal of Expenses     | \$26,958                | \$17,017             | Sum(Ln 2...Ln 8)   |
| 10 Overhead               |                          | \$2,992                 | \$2,026              | Pacific Bell Study |
| 11                        | <b>Total Annual Cost</b> | <b>\$29,950</b>         | <b>\$19,043</b>      | Ln 9 + Ln 10       |
| 12 Monthly Cost           |                          | \$2,495.85              | \$1,586.93           | Ln 11/12           |
| 13 Direct Cost            |                          | \$2,246.51              | \$1,418.08           | Ln 9/12            |
| 14 Monthly Rate           |                          | \$3,500.00              | \$1,800.00           | Tariffed Rate      |
| 15 Overhead Factor        |                          | 1.56                    | 1.27                 | Ln 14/ Ln 13       |

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| <b>INVESTMENT SUMMARY</b> |
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**DS3x3 Channel Termination, 5 yr**

| <b>Investment by Account*</b>        | <b>Channel Termination</b> |
|--------------------------------------|----------------------------|
| 1 Digital Eq CO(Account 223210)      | \$42,161                   |
| 2 Digital Eq Remote (Account 223210  | \$40,384                   |
| 3 Land,( Account 211100)             | \$384                      |
| 4 Building (Account 212100)          | \$4,479                    |
| 5 Fiber (Account 242212)             | \$23,800                   |
| 6 Conduit (Account 244149)           | \$5,395                    |
| <b>TOTAL</b>                         | <b>\$116,601</b>           |
| <b>TOTAL Optical (w/o Remote EQ)</b> | <b>\$76,218</b>            |

\*Identified by Pacific Bell Investent studies

**RECURRING COST SUMMARY, DS3x12 Channel Termination, 3 yr term****DS3x12 Electrical    DS3x12 Optical**

|                                 |                    |                   |                           |
|---------------------------------|--------------------|-------------------|---------------------------|
| <b>1 Gross Investment</b>       | <b>\$303,803</b>   | <b>\$194,636</b>  | <b>See Worksheet 10.2</b> |
| <b>Annual Cost</b>              |                    |                   |                           |
| <b>2 Cost of Money</b>          | <b>\$18,982</b>    | <b>\$10,065</b>   | <b>Pacific Bell Study</b> |
| <b>3 State &amp; Fed Taxes</b>  | <b>\$7,511</b>     | <b>\$3,982</b>    | <b>Pacific Bell Study</b> |
| <b>4 Depreciation</b>           | <b>\$23,510</b>    | <b>\$10,902</b>   | <b>Pacific Bell Study</b> |
| <b>5 Repair and Maintenance</b> | <b>\$4,228</b>     | <b>\$2,107</b>    | <b>Pacific Bell Study</b> |
| <b>6 Administration</b>         | <b>\$12,278</b>    | <b>\$6,761</b>    | <b>Pacific Bell Study</b> |
| <b>7 Marketing</b>              | <b>\$2,898</b>     | <b>\$1,596</b>    | <b>Pacific Bell Study</b> |
| <b>8 Other Taxes</b>            | <b>\$2,187</b>     | <b>\$1,204</b>    | <b>Pacific Bell Study</b> |
| <b>9 Subtotal of Expenses</b>   | <b>\$71,595</b>    | <b>\$36,618</b>   | <b>Sum(Ln 2...Ln 8)</b>   |
| <b>10 Overhead</b>              | <b>\$7,562</b>     | <b>\$4,164</b>    | <b>Pacific Bell Study</b> |
| <b>11 Total Annual Cost</b>     | <b>\$79,156</b>    | <b>\$40,782</b>   | <b>Ln 9 + Ln 10</b>       |
| <b>12 Monthly Cost</b>          | <b>\$6,596.37</b>  | <b>\$3,398.54</b> | <b>Ln 11/12</b>           |
| <b>13 Direct Cost</b>           | <b>\$5,966.22</b>  | <b>\$3,051.52</b> | <b>Ln 9/12</b>            |
| <b>14 Monthly Rate</b>          | <b>\$11,500.00</b> | <b>\$8,300.00</b> | <b>Tariffed Rate</b>      |
| <b>15 Overhead Factor</b>       | <b>1.93</b>        | <b>2.72</b>       | <b>Ln 14/ Ln 13</b>       |

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| <b>INVESTMENT SUMMARY</b> |
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**DS3x12 Channel Termination, 3 yr**

| <b>Investment by Account*</b>        | <b>Channel Termination</b> |
|--------------------------------------|----------------------------|
| 1 Digital Eq CO(Account 223210)      | \$148,335                  |
| 2 Digital Eq Remote (Account 223210  | \$109,167                  |
| 3 Land,( Account 211100)             | \$1,350                    |
| 4 Building (Account 212100)          | \$15,757                   |
| 5 Fiber (Account 242212)             | \$23,800                   |
| 6 Conduit (Account 244149)           | \$5,395                    |
| <b>TOTAL</b>                         | <b>\$303,803</b>           |
| <b>TOTAL Optical (w/o Remote EQ)</b> | <b>\$194,636</b>           |

\*Identified by Pacific Bell Investent studies

**RECURRING COST SUMMARY, DS3x12 Channel Termination, 5 yr term**

|                                 |  | <b>DS3x12 Electrical</b> | <b>DS3x12 Optical</b> |                           |
|---------------------------------|--|--------------------------|-----------------------|---------------------------|
| <b>1 Gross Investment</b>       |  | <b>\$288,111</b>         | <b>\$185,182</b>      | <b>See Worksheet 11.2</b> |
| <b>Annual Cost</b>              |  |                          |                       |                           |
| <b>2 Cost of Money</b>          |  | <b>\$18,013</b>          | <b>\$9,606</b>        | <b>Pacific Bell Study</b> |
| <b>3 State &amp; Fed Taxes</b>  |  | <b>\$7,127</b>           | <b>\$3,801</b>        | <b>Pacific Bell Study</b> |
| <b>4 Depreciation</b>           |  | <b>\$22,234</b>          | <b>\$10,346</b>       | <b>Pacific Bell Study</b> |
| <b>5 Repair and Maintenance</b> |  | <b>\$3,994</b>           | <b>\$1,994</b>        | <b>Pacific Bell Study</b> |
| <b>6 Administration</b>         |  | <b>\$11,654</b>          | <b>\$6,453</b>        | <b>Pacific Bell Study</b> |
| <b>7 Marketing</b>              |  | <b>\$2,751</b>           | <b>\$1,523</b>        | <b>Pacific Bell Study</b> |
| <b>8 Other Taxes</b>            |  | <b>\$2,076</b>           | <b>\$1,149</b>        | <b>Pacific Bell Study</b> |
| <b>9 Subtotal of Expenses</b>   |  | <b>\$67,850</b>          | <b>\$34,872</b>       | <b>Sum(Ln 2...Ln 8)</b>   |
| <b>10 Overhead</b>              |  | <b>\$7,178</b>           | <b>\$3,974</b>        | <b>Pacific Bell Study</b> |
| <b>11 Total Annual Cost</b>     |  | <b>\$75,027</b>          | <b>\$38,846</b>       | <b>Ln 9 + Ln 10</b>       |
| <b>12 Monthly Cost</b>          |  | <b>\$6,252.28</b>        | <b>\$3,237.18</b>     | <b>Ln 11/12</b>           |
| <b>13 Direct Cost</b>           |  | <b>\$5,654.15</b>        | <b>\$2,906.00</b>     | <b>Ln 9/12</b>            |
| <b>14 Monthly Rate</b>          |  | <b>\$9,000.00</b>        | <b>\$6,600.00</b>     | <b>Tariffed Rate</b>      |
| <b>15 Overhead Factor</b>       |  | <b>1.59</b>              | <b>2.27</b>           | <b>Ln 14/ Ln 13</b>       |

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| <b>INVESTMENT SUMMARY</b> |
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**DS3x12 Channel Termination, 5 yr**

| <b>Investment by Account*</b>        | <b>Channel Termination</b> |
|--------------------------------------|----------------------------|
| 1 Digital Eq CO(Account 223210)      | \$139,858                  |
| 2 Digital Eq Remote (Account 223210  | \$102,929                  |
| 3 Land,( Account 211100)             | \$1,272                    |
| 4 Building (Account 212100)          | \$14,856                   |
| 5 Fiber (Account 242212)             | \$23,800                   |
| 6 Conduit (Account 244149)           | \$5,395                    |
| <b>TOTAL</b>                         | <b>\$288,111</b>           |
| <b>TOTAL Optical (w/o Remote EQ)</b> | <b>\$185,182</b>           |

\*Identified by Pacific Bell Investent studies

**RECURRING COST SUMMARY, AVG DS1 MILEAGE**

|                                               | <b>DS1<br/>MILEAGE</b> |                                |
|-----------------------------------------------|------------------------|--------------------------------|
| <b>1 Gross Investment</b>                     | <b>\$2,623</b>         | <b>See Worksheet 12.2</b>      |
| Annual Cost                                   |                        |                                |
| <b>2 Cost of Money</b>                        | <b>\$166</b>           | <b>Pacific Bell Study</b>      |
| <b>3 State &amp; Fed Taxes</b>                | <b>\$66</b>            | <b>Pacific Bell Study</b>      |
| <b>4 Depreciation</b>                         | <b>\$198</b>           | <b>Pacific Bell Study</b>      |
| <b>5 Repair and Maintenance</b>               | <b>\$38</b>            | <b>Pacific Bell Study</b>      |
| <b>6 Administration</b>                       | <b>\$102</b>           | <b>Pacific Bell Study</b>      |
| <b>7 Marketing</b>                            | <b>\$24</b>            | <b>Pacific Bell Study</b>      |
| <b>8 Other Taxes</b>                          | <b>\$18</b>            | <b>Pacific Bell Study</b>      |
| <b>9 Subtotal of Expenses</b>                 | <b>\$612</b>           | <b>Sum(Ln 2...Ln6)</b>         |
| <b>10 Overhead</b>                            | <b>\$63</b>            | <b>Pacific Bell Study</b>      |
| <b>11 Total Annual Cost</b>                   | <b>\$675</b>           | <b>Ln 8 + Ln 9</b>             |
| <b>12 Monthly Cost</b>                        | <b>\$56.26</b>         | <b>Ln 11/12</b>                |
| <b>13 Direct Cost</b>                         | <b>\$51.02</b>         | <b>Ln 9/12</b>                 |
| <b>13 Monthly Rate (fixed &amp; variable)</b> | <b>\$283.50</b>        | <b>Tariffed Rate @ 10.5 mi</b> |
| <b>14 Overhead Factor</b>                     | <b>5.56</b>            | <b>Ln 14/ Ln 13</b>            |

12.1